

EXHIBIT W

Purchase order

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A **Purchase Order** (abbreviated PO) is a commercial document issued by a buyer to a seller, indicating the products, quantities and agreed prices for products or services that the seller will provide to the buyer.

The purchase order usually contains: PO number, date, billing address, shipping address, requested terms, and a list of products with quantities and prices.

The reasons why companies use POs are several. They allow buyers to clearly communicate their intentions to sellers, and they protect sellers in the event that a buyer refuses to pay for something which was sent. For example, say that Alice works for Company A and orders some parts from Bob at Company B. There could be a problem if Alice didn't actually have authority to authorize this order—maybe she thought she had her boss's permission, but there was a miscommunication. So, the order gets returned and Company B loses money. Depending on the situation, Company B might only lose shipping and packing costs, but they might also lose significant manufacturing labor and materials costs and other expenses. They might lose the product entirely (e.g. if it is perishable).

In order to prevent such problems, sellers often request purchase orders from buyers. This document represents the buyer's intent to purchase specific quantities of product at specified prices. In the event of non-payment, the seller can use the PO as a legal document in a court of law to demonstrate the buyer's intent and to facilitate collection efforts. POs are as good as a check. Companies usually request POs when doing business with other companies for orders of significant size, as the PO reduces the risks involved.

In the course of the accounts payable process, purchase orders are matched with invoices and packing slips before the invoices are paid.

electronic purchase orders

Many companies (and organizations) now use electronic purchase orders following specific B2B standards, such as, ANSI, EDIFACT or RosettaNet.

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